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UNCLAS SECTION 01 OF 02 ACCRA 001110

SIPDIS

SENSITIVE

TREASURY FOR LUKAS KOHLER  
MILLENNIUM CHALLENGE CORP. FOR ROD NORMAN

E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [KMCA](#) [GH](#) [ECPS](#)

SUBJECT: WESTEL UPDATE

REF: A. TRAVIS/NYLIN EMAIL 051905

[B](#). SECSTATE 269530

[C](#). 04 ACCRA 903

[1](#)1. (SBU) Summary: In an effort to avert the high cost of arbitration, Westel's Managing Director, Bill Taylor, and the GoG are working towards an agreement to end their seven-year-old dispute. According to Taylor, Westel submitted a terms sheet acceptable to the GoG in March, but Westel's Seattle-based majority owner, Western Wireless International pulled it back at the last minute over fears that it would endanger WWI's impending merger with Tennessee-based Alltel. WWI instead asked for a draft agreement from the GoG based on the terms sheet, which the GoG submitted May 22. While the timing is uncertain, the agreement sets the stage for WWI's exit from Ghana. End Summary.

[1](#)2. (SBU) The first Westel/GoG arbitration meeting was in London in February 2005. According to Taylor, the cost of arbitration was far higher than expected, coming in somewhere near USD 8,000 per hour, plus expenses for the arbitrators and their staff. When the parties returned to Ghana, serious negotiations for a final settlement started between Taylor, Minister of Communications, Albert Kan Dapaah, and Attorney General Ayikoi Otoo. Taylor said he submitted the final terms sheet to the GoG for signature March 21.

[1](#)3. (SBU) According to a copy of the terms sheet supplied by Taylor, Westel agreed to pay USD 27 million over 12 years for both penalty settlement and spectrum fees -- USD 25 million less than originally assessed by the GoG. In exchange, the GoG would provide the spectrum Westel contends it bought in [1](#)1996. In addition, Westel will forgive the USD 6 million the parastatel Ghana National Petroleum Company (GNPC) agreed to pay for its 30 percent stake in Westel. GNPC would retain its stake unburdened and Westel would be able to sell its shares after a 30 day right of first refusal by GNPC.

[1](#)4. (SBU) The terms sheet, once signed, was to form the basis of a final agreement within 30 days. Before GoG officials could agree, however, WWI called Taylor home to Seattle for consultations and pulled the terms sheet back. Taylor said there were fears that the GoG could use the terms sheet to place a lien against money set aside to fund WWI's merger with Alltel. WWI was unwilling to admit to a liability on paper without a binding agreement from the GoG, and asked the GoG to submit a draft agreement based on the terms sheet. The GoG submitted its draft May 22. Taylor expects WWI to respond as soon as possible in order to reach an agreement before the next arbitration session, currently scheduled to begin June 3. In a telcon with EconOff May 23, Taylor said WWI would continue to pursue its arbitration case until an agreement has been reached.

[1](#)5. (SBU) During a meeting with EconOffs April 1, Taylor placed great emphasis on the need to restrict GNPC's right of refusal on WWI's shares to 30 days. (NOTE: This contradicts his prior statements that GNPC had no right of first refusal, per ref c. End Note.) He also asked if there would be any USG resentment if WWI pulled out of Ghana in light of Post's efforts to facilitate an agreement.

[1](#)6. (SBU) Comment: Taylor expressed his gratitude for USG assistance, citing the December 14 discussion between Ghanaian Ambassador Poku and AF/W Office Director Michael Arietti in Washington (Ref b) as the turning point in the negotiations. (NOTE: Since March, 2002, post has arranged and participated in well over a dozen ministerial meetings, demarched the Minister of Communications numerous times, arranged one meeting with President Kufuor for WWI executives, and drafted 50 cables referring to the Westel dispute. End Note.)

[1](#)7. (SBU) Comment continued: WWI's insistence on a restricted right of first refusal and Taylor's personal comments strongly suggest WWI will divest itself of Westel. Although the GoG's handling of the dispute certainly contributed heavily to WWI's desire to give up and go home, the decision appears to fit WWI's current global strategy. A recent Wall

Street Journal report claims WWI is entertaining offers for its operations around the globe, including operations -- such as Austria -- that WWI previously reported were profitable. Post will continue to facilitate dialogue between Westel's management and the GoG in order to achieve an amicable -- and hopefully, speedy -- resolution of the dispute. End Comment.  
YATES